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THE SUPERREGIONALS — RANKINGS ON PAGE 14

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TODAY

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Speaker Backs Scaled-Down Aid for FSLIC

Wright Also Wants to Keep More Ailing Thrifts Afloat

By ROBERT M. GARSSON
Washington Bureau

WASHINGTON — House Speaker Jim Wright on Monday endorsed a rescue proposal for the Federal Savings and Loan Insurance Corp. that would give the agency less new money than it has sought and require regulators to go easy on failing thrifts.

"We don't want to give them $15 billion to go out there and close down an enormous lot of institutions," said Mr. Wright, whose home state of Texas has a particularly large number of ailing thrifts.

Instead, he added, Congress will "replenish the fund with a lesser amount and watch to see how it is handled."

Siding with the U.S. League of Savings Institutions and against the Reagan administration, Mr. Wright also said he will support an amendment being drafted by Rep. Steve Bartlett, R-Tex., to require regulators to give ailing thrifts time to work out their problems.

Because Mr. Bartlett's amendment would give the recapitalization measure the support of the speaker, it is likely to prove the key factor in determining whether any version of the FSLIC rescue plan makes it through the House.

The administration has proposed a recapitalization measure that would give the FSLIC $15 billion to use immediately. The U.S. League, the thrift industry's major trade group, offered an alternative that linked a smaller cash infusion — $5 billion a year in each of the next two years — to a forbearance requirement.

Dealing a blow to the administration

Speaker: Page 23 ➤

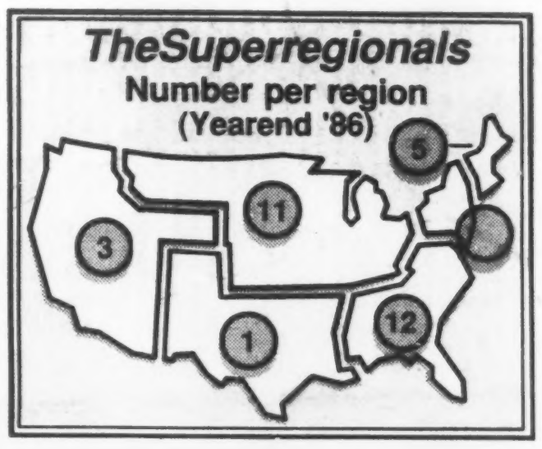
Mergers Spark 23% Jump In Superregionals' Assets

New England, Southeast Grow Fastest

By L. MICHAEL CACACE

NEW YORK — Sparked by a wave of interstate merger deals, total assets of the nation's "superregional" banking firms grew by more than 23% in 1986. The two fastest-growing regions were New England and the Southeast, where assets grew by almost 34%.

These are some of the findings of a new *American Banker* survey that tracks the growth of the nation's newly developing superregional banking firms. The survey, which is published today, identifies the superregionals and looks at their size in terms of assets and deposits and at their profitability in terms of net income, net income per share, and the returns on assets and equity.



A superregional, as defined by the *American Banker*, is a nonmoney center banking company that is ranked

Superregionals: Page 15 ➤

FNB Plans Out-of-State De Novo Bank

Special to the American Banker

HERMITAGE, Pa. — The $800 million-asset FNB Corp. is planning to open a de novo bank in Chardon, Ohio, subject to approvals of the Federal Reserve Board, the Federal Deposit Insurance Corp., and the banking authorities of Ohio and Pennsylvania.

Peter Mortensen, president and chief executive officer of FNB, said the venture is a first of its kind in two ways: It is the first move by a Pennsylvania bank holding company into Ohio under new reciprocity legislation, and it is the first de novo application by a Pennsylvania bank holding company into another state.

FNB is the parent of First National Bank of Mercer County, Hermitage, Pa.; Bucktail Bank and Trust Co., Emporium, Pa.; and Reeves Bank, Beaver Falls, Pa. It also owns Metropolitan Savings Bank, Youngstown, Ohio, an Ohio-chartered thrift acquired in 1986 following the crisis of privately insured savings and loans in Ohio. FNB also owns Citizens Budget Co., a consumer loan company in Youngstown, which it purchased in 1975.

The de novo bank in Chardon would be called First County Bank. A community of about 25,000, Chardon is about 40 miles east of Cleveland.

Mr. Mortensen said the trading areas of Youngstown and Chardon adjoin those of FNB's Pennsylvania banks. ■

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Superregional Bank Holding Companies

Ranked Within Region by Total Assets on Dec. 31, 1986 (Dollar Amounts in Millions)

Compiled by American Banker Copyright 1986

NEW ENGLAND	Total Assets 12/31/86	Total Assets 12/31/85	Total Deposits 12/31/86	Total Deposits 12/31/85	Net Income 1986	Net Income 1985	R.O.A. 1986	R.O.A. 1985	R.O.E. 1986	R.O.E. 1985	Earnings Per Share 1986	Earnings Per Share 1985
Bank of Boston Corp.	$34,050	$28,296	$21,730	$19,214	$232.8	$173.8	0.78%	0.73%	16.18%	13.72%	$3.49	$2.82
Bank of New England Corp., Boston	22,473	17,804	17,677	14,055	171.8	131.2	0.93	0.88	16.66	17.25	3.52	3.09
Hartford National Corp., Conn.	13,900	8,343	10,800	6,649	114.0	80.4	1.11	1.09	17.21	17.20	2.90	2.57
Fleet Financial Group, Inc., Providence, R.I.	11,690	7,122	6,700	3,945	136.7	82.2	1.37	1.38	20.05	19.01	5.00	3.89
Shawmut Corp., Boston	10,697	7,823	7,751	5,527	78.6	57.3	0.88	0.87	13.42	14.62	5.07	4.79

MID-ATLANTIC	Total Assets 12/31/86	Total Assets 12/31/85	Total Deposits 12/31/86	Total Deposits 12/31/85	Net Income 1986	Net Income 1985	R.O.A. 1986	R.O.A. 1985	R.O.E. 1986	R.O.E. 1985	Earnings Per Share 1986	Earnings Per Share 1985
Marine Midland Banks, Inc., Buffalo, N.Y.	24,800	23,386	17,400	16,593	145.0	125.1	0.65	0.55	12.05	11.05	7.19	6.06
PNC Financial Corp, Pittsburgh (a)	22,199	18,778	14,316	11,826	222.6	187.8	1.14	1.12	17.41	17.29	4.21	3.64
CoreStates Financial Corp., Philadelphia (b)	14,600	11,080	10,600	7,839	148.1	114.7	1.02	1.09	15.80	16.50	3.57	2.74
Midlantic Corp., Edison, N.J. (c)	11,874	10,355	9,034	8,069	112.8	90.6	1.06	1.04	18.04	18.01	5.07	4.46
Norstar Bancorp, Inc., Albany, N.Y.	[illegible]	8,998	9,009	7,351	104.8	93.0	1.07	1.12	15.3[illegible]	[illegible]05	2.85	2.52
KeyCorp, Albany, N.Y.	9,073	7,122	7,391	5,725	82.2	68.4	1.09	1.10	16.31	15.96	2.93	2.61

The SOUTHEAST	Total Assets 12/31/86	Total Assets 12/31/85	Total Deposits 12/31/86	Total Deposits 12/31/85	Net Income 1986	Net Income 1985	R.O.A. 1986	R.O.A. 1985	R.O.E. 1986	R.O.E. 1985	Earnings Per Share 1986	Earnings Per Share 1985
NCNB Corp., Charlotte, N.C.	2[illegible]	19,754	18,519	13,950	198.8	164[illegible]	0.84	0.92	16[illegible]	17.23	2.53	2.30
First Union Corp., Charlotte, N.C. (d)	2[illegible]	[illegible]	17,004	9,885	278.7	173.[illegible]	1.21	1.24	18.39	19.05	2.57	2.04
SunTrust Banks, Inc., Atlanta	26,200	19,406	21,300	14,728	245.1	166.[illegible]	1.03	1.01	16.76	16.26	1.86	1.65
Barnett Banks of Florida, Inc., Jacksonville	20,229	14,829	17,737	13,082	157.5	128.3	0.92	0.97	16.77	17.21	2.88	2.52
Citizens & Southern Corp., Atlanta	18,800	[illegible]	14,026	9,652	155.8	124.6	0.95	1.03	17.20	18.11	2.63	2.38
First Wachovia Corp., Winston-Salem, N.C.	18,690	[illegible]	3,781	12,675	193.8	187.7	1.1[illegible]	1.1[illegible]	17.67	19.56	3.42	3.33
Sovran Financial Corp., Norfolk, Va.	14,952	9,672	1,611	7,228	148.0	92.6	1.08	1.08	18.10	17.27	3.48	2.94
Maryland National Corp., Baltimore (e)	9,513	7,792	6,351	5,147	91.8	73.0	1.11	1.02	17.67	16.57	4.67	3.86
Signet Banking Corp., Richmond (f)	9,471	7,745	6,665	5,354	86.3	71.1	1.04	1.06	18.01	18.26	3.53	3.05
United Virginia Bankshares, Inc., Richmond	9,413	8,100	6,896	5,956	81.9	67.6	0.97	1.05	15.27	16.71	2.87	2.60
First American Corp., Nashville, Tenn.	5,95[illegible]	4,789	4,677	3,786	53[illegible]	40.2	1.01	0.9[illegible]	15.04	15.48	2.79	2.44
Dominion Bankshares Corp., Roanoke, Va.	5,92[illegible]	4,689	4,461	3,662	4[illegible]	39.3	0.92	0.90	15.40	15.60	2.01	1.82

The MIDWEST	Total Assets 12/31/86	Total Assets 12/31/85	Total Deposits 12/31/86	Total Deposits 12/31/85	Net Income 1986	Net Income 1985	R.O.A. 1986	R.O.A. 1985	R.O.E. 1986	R.O.E. 1985	Earnings Per Share 1986	Earnings Per Share 1985
First Bank System, Inc., Minneapolis	28,0[illegible]	25,484	16,261	16,039	202.9	166.8	0.76	0.70	16.00	14.60	3.38	2.78
Norwest Corp., Minneapolis	21,539	21,419	14,100	14,337	121.7	107.6	0.62	0.54	9.60	9.00	3.56	3.09
NBD Bancorp., Inc., Detroit	21,176	16,676	15,011	12,025	145.8	118.0	0.83	0.78	13.97	12.84	3.65	3.10
Banc One Corp., Columbus, Ohio	12,661	10,823	10,195	8,141	164.7	130.4	1.36	1.37	17.80	17.77	2.29	1.97
AmeriTrust Corp., Cleveland (i)	11,100	7,787	8,000	5,095	88.5	80.4	1.03	1.18	11.10	11.56	4.28	4.24
Boatmen's Bancshares, Inc., St. Louis	9,919	7,055	7,472	5,222	78.1	59.2	0.88	0.96	13.02	14.89	4.00	3.19
First of America Bank Corp., Kalamazoo, Mich.	7,870	5,326	6,927	4,658	52.9	43.2	0.97	0.93	16.20	17.64	5.10	4.72
Huntington Bancshares, Inc., Columbus, Ohio	7,718	6,240	5,953	4,762	64.7	52.5	0.94	0.92	15.08	14.85	2.59	2.26
First Wisconsin Corp., Milwaukee	7,090	6,477	5,667	5,127	52.7	39.6	0.83	0.74	12.89	11.88	2.53	2.11
Mercantile Bancorporation, Inc., St. Louis	6,586	6,763	5,058	4,985	55.3	52.2	0.86	0.89	12.52	13.17	3.57	3.49
Marshall & Ilsley Corp., Milwaukee (g)	5,975	4,741	4,332	3,590	55.0	43.0	1.02	1.02	16.30	15.63	2.78	2.60

The WEST	Total Assets 12/31/86	Total Assets 12/31/85	Total Deposits 12/31/86	Total Deposits 12/31/85	Net Income 1986	Net Income 1985	R.O.A. 1986	R.O.A. 1985	R.O.E. 1986	R.O.E. 1985	Earnings Per Share 1986	Earnings Per Share 1985
Security Pacific Corp., Los Angeles	62,606	53,503	38,408	32,873	385.9	322.8	0.71	0.69	15.50	15.30	4.86	4.35
First Interstate Bancorp., Los Angeles	55,400	48,991	39,500	35,554	337.9	313.1	0.68	0.67	12.95	13.31	7.13	6.64
Rainier Bancorporation, Seattle	9,216	8,349	6,631	5,843	70.0	65.2	0.84	0.88	13.40	13.98	3.41	3.26

The SOUTHWEST	Total Assets 12/31/86	Total Assets 12/31/85	Total Deposits 12/31/86	Total Deposits 12/31/85	Net Income 1986	Net Income 1985	R.O.A. 1986	R.O.A. 1985	R.O.E. 1986	R.O.E. 1985	Earnings Per Share 1986	Earnings Per Share 1985
Valley National Corp., Phoenix, Ariz. (h)	10,716	9,931	9,187	8,137	65.2	77.0	0.67	0.86	11.61	15.20	3.90	4.60

TOTALS BY REGION	Total Assets 12/31/86	Total Assets 12/31/85	Total Deposits 12/31/86	Total Deposits 12/31/85	Net Income 1986	Net Income 1985	R.O.A. 1986	R.O.A. 1985	R.O.E. 1986	R.O.E. 1985	Earnings Per Share 1986	Earnings Per Share 1985
TOTALS FOR THE 5 NEW ENGLAND BANKS	92,810	69,388	64,658	49,390	733.9	524.9	0.90†		...	...	...	...
TOTALS FOR THE 6 MID-ATLANTIC BANKS	93,678	79,719	67,750	57,403	815.5	679.6	0.94†		...	...	...	...
TOTALS FOR THE 12 SOUTHEAST BANKS	193,432	144,641	143,028	105,105	1,738.4	1,329.3	1.03†		...	...	...	...
TOTALS FOR THE 11 MIDWEST BANKS	139,645	113,791	98,976	83,981	1,082.3	892.9	0.84†		...	...	...	...
TOTALS FOR THE 3 WEST BANKS	127,222	110,843	84,539	74,270	793.8	701.1	0.67†		...	...	...	...
TOTALS FOR THE 1 SOUTHWEST BANK	10,716	9,931	9,187	8,137	65.2	77.0	0.67		...	...	...	...
TOTALS FOR THE 38 SUPERREGIONAL BANKS	657,503	533,313	468,138	378,286	5,229.1	4,204.8	0.88†		...	...	...	...

A supperegional banking firm: A non-money center banking company that is ranked among the top 100 banking firms in total assets and has merged across sate lines to establish a full commercial banking presence in another state. **Net Income** is income after taxes and minority interest, but before preferred dividends, extraordinary items and significant transactions. Excluded is income from discontinued operations. **R.O.A.**—Return on average assets, which is net income for the year divided by average assets, as calculated by the respective banking firms. **R.O.E.**—Return on average equity capital, which is net income for the year divided by average equity capital, as calculated by the respective banking firms. **Earnings per share** for 1986 and 1985 are net income per common share of stock outstanding on a fully diluted basis, as reported in the banks' 1987 earnings releases. Except for earnings per share, all 1985 data are as reported by the banks in 1986, and have not been restated for mergers occurring in 1986. **(a)**— Net income excludes $14.8 million from the gain on the sale of Kissell Co. **(b)**— The net income for both 1985 and 1986 is net income from continuing operations but before extraordinary items. The ROA and ROE and earnings per share are based on this measure of net income. **(c)**— Formerly known as Midlantic Banks, Inc. Name was changed on Jan. 30, 1987, to reflect the consolidation of Midlantic Banks Inc. with Continental Bancorp., Philadelphia. **(d)**—The net income for 1986 is net income from continuing operations but before extraordinary items. **(e)**—R.O.E. for both 1986 and 1985 are based on total equity capital. **(f)**—Formerly known as Bank of Virginia Co. Changed title July 14. **(g)**—ROA and ROE for 1986 are preliminary. **(h)**—Earnings per share, ROA, and ROE for 1986 have been calculated by the American Banker, using net income before extraordinary items. Also, in the process of acquiring Valley Utah Bancorp., Salt Lake City, and California Valley Bank, Fresno. **(†)**— ROA calculated by dividing the group's net income by their average assets. Average assets are calculated by summing the group's total assets on 12/31/86 and 12/31/85 and dividing by 2.

Summary Data for the 38 Supperregional Banking Firms

Top 10 ROAs (1986 Return on Average Assets)

		(%)
1	Fleet Financial Group, Inc., Providence, R.I.	1.37
2	Banc One Corp., Columbus, Ohio	1.36
3	First Union Corp., Charlotte, N.C.	1.21
4	First Wachovia Corp., Winston-Salem, N.C.	1.15
5	PNC Financial Corp., Pittsburgh	1.14
6	Hartford National Corp., Conn.	1.11
7	Maryland National Corp, Baltimore	1.11
8	KeyCorp, Albany, N.Y.	1.09
9	Norstar Bancorp, Inc., Albany, N.Y.	1.07
10	Midlantic Corp., Edison, N.J.	1.06

Top 10 ROEs (1986 Return on Equity Capital)

		(%)
1	Fleet Financial Group, Inc., Providence, R.I.	20.05
2	First Union Corp., Charlotte, N.C.	18.39
3	Sovran Financial Corp., Norfolk, Va.	18.10
4	Midlantic Corp., Edison, N.J.	18.04
5	Signet Banking Corp., Richmond	18.01
6	Banc One Corp., Columbus, Ohio	17.80
7	Maryland National Corp, Baltimore	17.67
8	First Wachovia Corp., Winston-Salem, N.C.	17.67
9	PNC Financial Corp., Pittsburgh	17.41
10	Hartford National Corp., Conn.	17.21

Top 10 in Asset Growth (12/85-12/86)

		(%)
1	Hartford National Corp., Conn.	66.6
2	Fleet Financial Group, Inc., Providence, R.I.	64.1
3	First Union Corp., Charlotte, N.C.	61.9
4	Sovran Financial Corp., Norfolk, Va.	54.6
5	First of America Bank Corp., Kalamazoo, Mich.	47.8
6	AmeriTrust Corp., Cleveland	42.5
7	Boatmen's Bancshares, Inc., St. Louis	40.6
8	NCNB Corp., Charlotte, N.C.	39.1
9	Citizens & Southern Corp., Atlanta	38.3
10	Barnett Banks of Florida, Inc., Jacksonville	36.4

Interstate Mergers Spark 23% Jump in Superregionals' Assets

Continued from Page 1

among the top 100 banking firms in total assets and has merged across state lines to establish a full commercial banking presence in another state. Thirty-eight banks met these criteria in 1986 — five in New England, six in the Mid-Atlantic states, 12 in the Southeast, 11 in the Midwest, three in the West, and one in the Southwest.

Security Pacific Corp., Los Angeles, is the largest superregional, with assets of $62.6 billion at yearend. Security Pacific acquired Arizona Bancwest Corp., Phoenix, in October.

The most profitable superregional — as measured by the return on average assets and the return on average equity capital — is Fleet Financial Group Inc., Providence, R.I., with an ROA of 1.37% for 1986, and an ROE of 20.05%.

The superregional with the largest growth in assets was Hartford National Corp., Conn., whose assets rose by more than 66%, to $13.9 billion, as it completed five interstate deals in 1986.

The superregionals of the Southeast, as a group, were the most profitable. The 12 banks in that region had a combined ROA of 1.03%. The six banks of the Mid-Atlantic states were next, with a combined ROA of 0.94%.

The superregionals of New England had the largest growth in net income. The net income of the five banks in the region was up by almost 40%, to $733.9 million, in 1986. The five banks of the region had a combined ROA of 0.90%.

Of the 38 superregional banks, 28 were involved in major interstate banking deals in 1986. These banks are listed below by region.

New England

Four of the five New England superregionals were involved in interstate deals.

- Bank of New England Corp., Boston, which is in the process of expanding within Massachusetts by acquiring the Conifer Group, Worcester, acquired Aroostook Trust, Caribou, Maine.
- Hartford National Corp. completed five interstate deals in 1986, acquiring People's Bank, Johnston, R.I., on Dec. 31; First New England Bankshares Corp., Taunton, Mass., and Charter Financial Corp., Framingham, Mass., in November; First Bank of Massachusetts, Chelmsford, Mass., in August; and Provident Institution for Savings, Boston, in April.
- Fleet Financial Group acquired First Connecticut Bancorp, Hartford, and Merrill Bankshares, Bangor, Maine.
- Shawmut Corp., Boston, acquired Fidelity Trust, Stamford, Conn.

Mid-Atlantic

In the Mid-Atlantic region, four of the six banks were involved in interstate merger deals last year.

- Marine Midland Banks Inc., Buffalo, N.Y., announced plans to acquire First Pennsylvania Corp., Philadelphia, when that becomes permitted under Pennsylvania law.
- PNC Financial Corp., Pittsburgh, signed a definitive agreement to merge with Citizens Fidelity Corp., Louisville, Ky., last June. Consummation of the transaction is subject to a number of conditions, including approval by the shareholders of both companies and regulatory authorities.
- CoreStates Financial Corp., Philadelphia, acquired New Jersey National Corp., Pennington, N.J., in October.
- Midlantic Corp., Edison, N.J., completed its merger with Continental Bancorp., Philadelphia, last month.

Southeast

In the Southeast, 10 of the 12 banks completed interstate deals.

- NCNB Corp., Charlotte, acquired Bankers Trust of South Carolina, Columbia, and National Bank of Florida, Miami.
- First Union Corp., Charlotte, completed its acquisitions of Georgia-based First Railroad & Banking Co.; Bank of Waynesboro; and Georgia State Bancshares Inc., in the fourth quarter.
- SunTrust Banks, Inc., Atlanta, acquired Third National Corp., Nashville, on Dec. 29.
- Citizens and Southern Corp., Atlanta, acquired Citizens and Southern South Carolina Corp., Columbia, on March 31.
- Sovran Financial Corp., Norfolk, acquired Suburban Bancorp., Bethesda, Md., and D.C. National BanCorp., Washington, D.C.;
- Maryland National Corp., Baltimore, following approval by the Federal Reserve Board, is expected to complete its merger with American Security Corp., Washington, D.C., in the first quarter of 1987.
- Signet Banking Corp., Richmond, formerly known as Bank of Virginia Co., acquired Security National Corp., Washington, D.C., in August.
- United Virginia Bankshares Inc., Richmond, acquired Bank of Bethesda, Md., in April.
- First American Corp., Nashville, acquired First Ashland Corp., Ky., during the first quarter of 1986.
- Dominion Bankshares Corp., Roanoke, completed its acquisition of Tennessee-based Nashville CityBank and First National Bank, Sparta, in January 1987.

Midwest

In the Midwest, seven of the 11 banks were involved in interstate deals.

- NBD Corp., Detroit, acquired Midwest Commerce Banking Co., Elkhart, Ind., and is in the process of acquiring US Ameribanc Inc., Highland Park, Ill.
- Banc One Corp., Columbus, announced that its merger with American Fletcher Corp., Indianapolis, was completed on Jan. 26, 1987.
- AmeriTrust Corp., Cleveland, completed deals with the following Indiana-based banking companies during 1986: First Indiana Bancorp, Elkhart; American Ligonier Bancorp Inc.; State Bank of Lima, Howe; Union Banc Corp., Kokomo; Central Indiana Bancorp Inc., Fairland; and Boone Corp., Lebanon.
- Boatmen's Bancshares Inc., St. Louis, acquired General Bancshares Corp., St. Louis, in March. General Bancshares owned 11 banks operating in Missouri, Illinois, and Tennessee.
- First of America Bank Corp., Kalamazoo, Mich., in the latter part of 1986 acquired First Bancorp of Indianapolis; First LaPorte Financial Corp., LaPorte, Ind.; and Premier Bancorp., Libertyville, Ill.
- Huntington Bancshares Inc., Columbus, acquired Central Bancorp, Danville, Ind.; Wainwright Financial Corp., Noblesville, Ind.; and Kasco Financial Corp., Warren, Mich.
- Marshall & Ilsley Corp., Milwaukee, acquired Thunderbird Capital Corp., Phoenix, in October.

West

Three of the four banks in the West and Southwest regions were involved in interstate deals last year.

- Security Pacific Corp., as mentioned above, completed its acquisition of Arizona Bancwest Corp., Phoenix, in October.
- Rainier Bancorp., Seattle, acquired Lincoln Savings & Loan Association, Portland, Oregon, as well as Washington-based United Bank, Tacoma, a savings bank.
- Valley National Corp., Phoenix, was in the process of acquiring Valley Utah Bancorp., Salt Lake City, and California Valley Bank, Fresno. ■

American Banker Ranks Top 10 Superregional Banks

Based on Total Assets on December 31, 1986

(In Billions of Dollars)

Rank 1986	Rank 1985		Total Assets 12/31/86	Total Assets 12/31/85
1	1	Security Pacific Corp., Los Angeles	62.6	53.6
2	2	First Interstate Bancorp., Los Angeles	55.4	49.0
3	3	Bank of Boston Corp.	34.1	28.3
4	4	First Bank System, Inc., Minneapolis	26.0	25.5
5	7	NCNB Corp., Charlotte, N.C.	27.5	19.8
6	13	First Union Corp., Charlotte, N.C.	26.8	16.6
7	6	SunTrust Banks, Inc., Atlanta	26.2	19.4
8	5	Marine Midland Banks, Inc., Buffalo, N.Y.	24.6	23.4
9	10	Bank of New England Corp., Boston	22.5	17.8
10	9	PNC Financial Corp., Pittsburgh	22.2	18.8

Assets for Dec. 31, 1985, are as reported in 1986. American Banker defines a superregional banking firm as a non-money center banking company that is ranked among the top 100 banking firms in total assets and has merged across sate lines to establish a full commercial banking presence in another state.

Dear Reader, How Are We Doing?

The *American Banker* wants to make sure our survey on superregional banking firms meets your information needs. So would you spend a moment to give us some feedback? Please clip out this questionnaire and return to: William Zimmerman, Editor, American Banker, One State Street Plaza, New York, N.Y. 10004 (212) 943-5712.

(1.) How would you **change** the survey to make it more useful? What would you add?

(2.) What did you like **best** about the survey?

(3.) What did you like **least** about the survey?

(4.) How do you use the survey in your work?

Name (optional)_____

Title_____

Company_____

Address_____

Phone_____

Hawaii Banks, Thrifts Stage Rate War

Special to the American Banker

HONOLULU — Responding to consumers' complaints and each other's moves, Hawaiian financial institutions last week became locked in a credit card war that resulted in interest rate reductions.

The competitive display began on Feb. 1 when the Bank of Hawaii, the largest financial institution in the state, announced in a front page story in the local morning newspaper, *The Honolulu Advertiser,* that it was trimming its Visa card rate from 18% to 16.8% starting March 1.

The credit card rate reduction was the first to be made locally, and it also made Bank of Hawaii's credit card rate the lowest of any commercial bank here.

The distinction, however, was short-lived.

In a classic case of competitive forces at work, the rival First Hawaiian Bank, the state's second largest, responded at the beginning of last week with the revelation that it was dropping its MasterCard rate to 16.5%.

Immediately, Bank of Hawaii announced that it would match the drop to 16.5%. That set off a quick chain reaction as other banks followed suit.

By the end of the day, the Central Pacific Bank and the Bank of Honolulu had announced that they too were dropping their credit card interest rates to 16.5%.

By the end of last week, several other financial institutions had done the same.

The International Savings & Loan Association and the City Bank, which services International's credit cards, also matched the banks' moves down to 16.5%. One local credit union, Oahu One, went so far as to drop its Visa rate from 16.9% to 14.9%.

The First Nationwide Bank, which has 19 offices in Hawaii, said it was dropping its rate to 16.9%. First Nationwide also said, however, that it would raise its annual fee from $18 to $24.

Other financial institutions, however, left their annual fees intact, at least for the moment.

The First Interstate Bank of Hawaii said it was "studying the situation," but a spokesman said that the First Interstate Bancorp — of which the local bank is a franchisee — is adopting a variable credit card rate pegged at nine points above prime.

The spurt of credit card activity was the first acknowledgment by Hawaiian banking institutions of growing discontent on the part of consumers who complain that credit card rates are out of line.

While other interest rates have dropped dramatically in recent months, credit card rates generally have stayed at high levels and issuers have maintained additional annual fees for cardholders.

Bank of Hawaii, meanwhile, indicated that it was prepared to drop its rates further to remain competitive. A bank spokesman said the reduction reflected an "ongoing effort" by Bank of Hawaii to be "as competitive as possible." ■